



Llywodraeth Cymru
Welsh Government

GUIDANCE

Leaseholder Support Scheme: guidance for independent financial advisers

The Scheme is designed to help leaseholders in significant financial hardship as a direct result of fire safety issues affecting their property.

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1. Scheme overview

The Leaseholder Support Scheme (“the Scheme”) is designed to help leaseholders (“Applicants”) in significant financial hardship as a direct result of fire safety issues affecting their property. It will enable Applicants to access independent financial advice as a means to identify solutions to address their individual and current financial circumstances.

For eligible Applicants, the Scheme will offer a financial assessment by an Independent Financial Adviser (“IFA”) to determine an appropriate course of action for each household based on its particular circumstances. Following the assessment, if the IFA concludes that an appropriate option for an Applicant is the sale of their leasehold property, then this may be progressed under the Scheme.

2. The application process

The first step of the application process is for Applicants to complete an eligibility checker at [Leaseholder Support Scheme](#) where they can assess their circumstances against the Scheme's eligibility criteria. If eligible, Applicants will have the option to make a full application to the Scheme.

The application form and guidance will be available at the above address. Applicants will be required to complete the application, gather the required documentary evidence and to submit in full to the Leaseholder Support Scheme team operated by the Development Bank of Wales (“DBW”). Applicants will be assigned a case handler who will undertake a review of their submission and advise Applicants if they are eligible under the Scheme. The eligibility assessment will mirror that of the online eligibility checker covering ‘building eligibility’, ‘residential eligibility’ and ‘financial hardship eligibility’.

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3. Referral for independent financial advice

Eligible applicants will then progress to have an assessment of their financial circumstances undertaken by an IFA. Applicants will be provided with a database of IFAs who are signed up to the Scheme. Applicants may choose an IFA from the database or may engage an IFA of their choice subject to the IFA meeting the requisite minimum qualification requirements (Level 4 Diploma in Financial Advice (DipFA) and Statement of Professional Standing (SPS)), and completing the Declaration at the end of this guidance before undertaking any work.

The IFA will undertake an independent financial assessment and will advise the Applicant as to their options. The objective of the financial assessment is, where possible, to provide a means through which the Applicant is able to move their household out of financial hardship, without resulting in the need for the leasehold property to be purchased under the Scheme.

In undertaking financial assessments for Applicants, the IFA should note that the terms of their participation in the Scheme will require that it gives the following confirmations, agreements and undertakings to DBW.

The IFA:

1. Confirms that currently they hold the relevant qualifications and accreditations in order to assess and advise Applicants.
2. Agrees that all information required to facilitate the financial assessment will be obtained by the IFA directly from Applicants.
3. Agrees not to provide the Scheme with the details of the Applicant's financial assessment; the contract relating to which will be between the client and the IFA only (see below for payment details).
4. Acknowledges that the Applicant will be its client and it will carry out the necessary client take-on and identification procedures.

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5. Undertakes to ensure that, in relation to the Confirmation of Independent Financial Advice Form submitted back to the Scheme, no advice has been given that would result in the entry by the applicant into an arrangement that is regulated under the Financial Services and Markets Act, unless you hold the required authorisations to do so.
6. Agrees to provide the Scheme with confirmation, by way of a signed Confirmation of Independent Financial Advice Form that they have undertaken an assessment of the Applicant's financial situation and fully considered the options available to the Applicant to move the household above the poverty threshold.
7. Where appropriate, confirms by way of the signed Confirmation of Independent Financial Advice Form that, in the IFA's opinion, the Applicant's appropriate option to move their household above the property threshold is through the purchase of their leasehold property by the Scheme.
8. Undertakes that where a sale of the leasehold property is, in the opinion of the IFA, the appropriate option for Applicants, to confirm this as part of their written advice to the Applicants.
9. Agrees (where advising Applicants to sell their leasehold property) to confirm, in their written advice to the Applicants and in the Confirmation of Independent Financial Advice to the Scheme, the minimum property valuation required for this option to remain an appropriate way forward for the Applicants.

A Confirmation of Independent Financial Advice Form and a New Supplier Form will be issued to the IFA by the Scheme once the Applicants notify which IFA they have chosen to proceed with.

Once the assessment has been completed, the IFA must submit a Confirmation of Independent Financial Advice Form and (if the IFA has not provided one previously) a completed New Supplier Form must be submitted to the Scheme by email to applications@leaseholdersupportscheme.wales with IFA CONFIRMATION in the subject bar.

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The Confirmation of Independent Financial Advice Form will be required to cover the following areas:

1. Confirmation that the IFA has discharged all regulated duties, including but not limited to, those set out in the Money Laundering Regulations (1993) (and periodical updates).
2. Confirmation that through the financial assessment the options available to the Applicant to move the household above the poverty threshold have been fully explored.
3. Yes/no confirmation as to whether the IFA is advising that progressing to the buyout stage of the Scheme is, in their opinion, an appropriate option for the Applicant in order to move the household above the poverty threshold.

4. Progressing with the buyout option

Following confirmation from: (a) the IFA that, in their opinion, an appropriate option for the Applicant is the sale of the leasehold property; the Scheme will commission an independent Royal Institution of Chartered Surveyors (RICS) valuer to carry out a valuation of the property. The valuer will use a RICS Red Book Global Standards approach to the valuation. The instruction provided to RICS valuers will be to provide a Market Value, as defined by RICS standards, with a special assumption that the impact on value of fire safety defects is disregarded. This will ensure a fair market price is offered to Applicants.

If the Applicant accepts the valuation and chooses to progress with the sale of the property, the Scheme will connect them to a participating Registered Social Landlord or Local Authority who will proceed with the purchase.

Following purchase, the property will be held and managed by the Registered Social Landlord or Local Authority as part of their social housing stock.

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5. Independent Financial Adviser fees

As noted above, the IFA will undertake a contract of work directly with the Applicant to complete a personal financial assessment. The cost of this work will however be covered by the Scheme and will be paid on receipt of the Confirmation of Independent Financial Advice Form and (if required) the completed New Supplier Form referred to in section 3 above. Invoices should be submitted to the Scheme along with these documents. The invoice must clearly state the work has been undertaken on behalf of the Applicants and the names of those Applicants.

The Scheme will pay up to £750 per application.

Additional payments may be made to IFAs at the sole discretion of the Scheme in exceptional circumstances. One such scenario may be where the valuation of the property is lower than the minimum necessary (as quantified in the initial assessment) and alternative options need further consideration.

In all cases, approval for additional fees must be sought from the Scheme before the work is undertaken.

6. Requirements to operate as a Leaseholder Support Scheme IFA

New IFAs are permitted to apply to join the Scheme IFA database, subject to completion of the following before any work is carried out under the Scheme.

1. Complete an IFA Data Capture Form to confirm your business details, qualifications and accreditations. As a minimum you must be FCA authorised, either directly or through an authorised firm and as a minimum

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hold a current Level 4 Diploma in Financial Advice and a Statement of Professional Standing. This stage may have already been completed previously if your details are part of the Help to Buy (Wales) IFA database.

2. Read in full the IFA guidance document (this document).
3. Return the IFA Declaration, available via the link below, to confirm you:
 - i. Understand the scope and objectives of the Scheme
 - ii. Understand the role of IFAs in respect to the Scheme
 - iii. Have read and understand the Guidance for IFAs and agree and undertake to act at all times in accordance with that guidance
 - iv. Have the relevant qualifications and authorisations to provide the advice required by the Scheme
 - v. Agree the fee structure outlined.

[IFA Declaration - Leaseholder Support Scheme link](#)

Once you have returned the completed Declaration, your details will be included on the Scheme's IFA database. The Scheme will make this list available to eligible Applicants but will play no role in allocating IFAs; the selection of IFA will be at the sole discretion of Applicants.

For any further details on the Scheme please email enquiries@leaseholdersupportscheme.wales and start the subject bar as IFA QUERY.

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